

Watershed Management Program

Finance Work Group Recommendations

April 23, 2003

1. **Unidentified Watershed Management Funding Needs for Established Areas of the Community and to Meet Unfunded Federal Mandates** – Numerous watershed management capital projects are needed in both the new growth areas and the city's built-up urban environment. In the newer growth areas of Lincoln, the Public Works Department has either completed or will be completing studies to determine their stormwater facility needs. Improvements in these areas may include flood corridor preservation, flood control facilities, and water quality and stream stabilization projects. To determine the facility needs for the older established areas of Lincoln, however, the Department must rely on studies that are either over 30 years old or that simply don't exist. Stormwater management needs in established neighborhoods must address flood control along major streams and identify specific projects to ameliorate deficiencies in the current urban drainage system

In addition to unknown deficiencies in the existing stormwater management system, the Public Works Department must also contend with standards imposed under the national Clean Water Act (CWA.) The Department is presently working to address stormwater quality issues associate with Phase II of the National Pollutant Discharge Elimination System (NPDES) of CWA. Should these efforts provide unsuccessful, the City could be required to undertake much more costly improvements (such as the treatment of stormwater) as part of Phase III of the NPDES permit program. These latter requirements will likely not be know for certain until the 2010 to 2014 time period.

Finance Work Group Recommendation: The Finance Work Group recognizes that there exists the potential for additional watershed management expenses not included in the present 12 year calculation of revenue sources and uses. These unknown expenses are related to flood control and additional storm drainage deficiencies not yet identified in the established areas of the City and the potential for Federally mandated improvements under Phase III of the NPDES stormwater program which may be implemented pursuant to requirements of the Federal Clean Water Act.

2. **Continued Dependence of the Watershed Management Program on General Obligation Bonds** – The City’s current Watershed Management Program relies heavily upon the periodic passage of General Obligation (G.O.) bonds by Lincoln voters. Virtually all of the stormwater capital improvements built or acquired by the Public Works Department are paid for from G.O. bonds. Since 1994, three G.O. bonds programs have been approved by the Lincoln electorate totally a little under \$20 million. A proposed \$10 million bond issue is slated for the May 6, 2003, ballot.

Proceeds from G.O. bonds are projected to equal about two-thirds of the funds available for watershed management projects over the coming years. Failure to pass such G.O. bond funding would seriously hamstring the program’s ability to implement needed capital facilities. It is estimated that without the approval of these G.O. bonds, the program’s funding gap would reach \$48.5 million over the next twelve years. In addition, it is expected that the growing demands for stormwater facilities will increase the amount of money sought through from G.O. bonds and may increase the frequency of the bond elections. Thus if G.O. bonds in the future were to be approved at the same rate as the last 10 years, there would still remain a funding gap of approximately \$12.5 million. (It should be noted that these gaps do not account for costs for flood control projects needed along major streams within the existing urban area. As noted earlier, such needs must still be quantified and integrated into watershed master planning efforts for the entire community.)

Finance Work Group Recommendation: The Finance Work Group recognizes that the projected stormwater “funding gap” assumes the periodic approval of General Obligation (G.O.) bond funding by Lincoln’s electorate, and that such bond approval requests are likely to become larger in dollar value and more frequent than in the recent past.

3. **Establishment of a Lincoln Stormwater Management Utility** – Creating a more stable and reliable funding source could occur with the establishment of a “stormwater management utility.” The establishment of such a utility is one of the lead strategies in the recently adopted City-County Comprehensive Plan for dealing with watershed management issues. In Nebraska creating such utilities will require State authorizing legislation. This legislation would identify the authority of such utilities and the local process required for their establishment. At the present time there is legislation before the Nebraska Unicameral to allow local communities to create stormwater management

utilities. Until the legislation is passed by the State, the City Lincoln is not in a position to pursue the creation of such an organization and associated funding mechanism for its stormwater management program.

Finance Work Group Recommendation: The Finance Work Group supports the concept of a stormwater management utility expressed in the Comprehensive Plan, and supports the City of Lincoln's efforts to work toward adoption of the State legislation through the Nebraska Unicameral.

F:\FILES\PLANNING\MIFC\finance work group\Stormwater_FWG_Recommendations.wpd
April 24, 2003 (2:03PM)